

**VERMONT RAIL COUNCIL
MINUTES OF MEETING
5TH FLOOR BOARD ROOM
NATIONAL LIFE BUILDING
MONTPELIER, VERMONT
February 23, 2005**

MEMBERS PRESENT: Sam Lewis, Chairperson

Robert Stannard	David Wulfson
Richard Moulton	Mike Coates
William McCormick	Charles Hunter for Charlie Moore
Paul Guare	Rep. Albert "Sonny" Audette

OTHERS PRESENT: David Dill, VTrans Deputy Secretary
Charlie Miller, VTrans Rail Division
Alice Wright, citizen
Nancy Rice, VTrans Rail Division
Scott Bascom, VTrans Planning
Chris Andreasson, Vermont Transit Co., Inc.
John Vincent, VTA
Anthony Otis, Railroad Association of Vermont
David Fink, Guilford Rail
Andrea Sissino, Vermont Rail Advocacy Group (VRAG)
Melinda Moulton, VRAG
Clay Poitras, VTrans
Charles Basner, FHWA
Matthew Sternberg, Rutland Redevelopment Authority
Lea Kahn
Katherine E. Potter, Guilford Rail System
Matt Mann, Windham Regional Planning
Steve Ovenden, Windham Regional Planning
John Wilson, Edwards & Keleey
Pete Snyder, citizen

1. Call to Order and Approval of Minutes

Sam Lewis called the meeting to order at 1:15 p.m. Introductions were made.

Approval of December 16, 2004 Minutes

MOTION by Mike Coates, seconded by Rick Moulton, to approve the minutes of 12/16/04 as written.

DISCUSSION: There was discussion of scheduling joint meetings with the other transportation advisory councils and the House and Senate transportation committees. Sam Lewis will coordinate the meeting schedule.
VOTING: unanimous; motion carried.

2. Railroad Terminology

Charlie Miller reviewed a handout on track classification. FRA track class dictates speed of operation of freight and passenger service on the rail. The American Association of Railroads (AAR) classification is based on revenues generated by the line, not the speed of the train on the track. The CN railroad is the only Class 1 railroad in operation in Vermont. Guilford is Class 2 and the remaining railroads in operation in Vermont are Class 3 per AAR standards. A list of railroads by class was provided to the Rail Council.

3. Vermont Rail Advisory Council Annual Report to Governor

The Rail Council received a copy of the 2004 Annual Report Vermont Rail Advisory Council. Comments are needed (within a week) so the report can be sent to the Governor's Office. Send comments to Nancy Rice at nancy.rice@state.vt.us.

Mike Coates stressed the need to have the same emphasis on rail infrastructure that is there for highways and bridges so the same critical thinking can take place. The Legislature hears about highways and bridges every day, and must hear the same about rail infrastructure, that maintenance can no longer be deferred on rail bridges and rail infrastructure for safety and economic reasons. The economic impact study justifies fixing the rail problems. Charlie Miller suggested a cover letter to accompany the document be drafted to the Legislature to highlight and emphasize points in the report.

Rick Moulton expressed concern the report does not communicate the crisis situation facing Vermont and how close the state is to being isolated from rail traffic in the country. The rail problem is not visible like it is for highways because the public at large is not using rail transport on a daily basis as they are the highways. Paul Guare echoed Mr. Moulton's sentiments, stressing the public needs to be made more aware of the difficult problems with rail bridges and track. Bob Stannard suggested the report be submitted with a paragraph stating the Rail Council is still working and focusing on priorities in rail infrastructure in the State of Vermont. It was suggested a work session be scheduled to compile comments for the Legislature before cross-over. Charlie Miller noted there is a workshop on March 23rd, 1 p.m. – 3 p.m., with the Rail Council and rail advisory group on the Rail Plan. Rick Moulton suggested testifying before the legislative committees the week of March 14th. Sam Lewis urged review of the Rail Council annual report and submission of comments as soon as possible, then scheduling a meeting with the House Transportation Committee the week of March 14th. A consensus of what to present to the transportation committee is needed before testimony is given. There was agreement testimony before the Legislature is necessary. Mike Coates will present the position of the Rail Council to the Legislature.

4. Update on Twin State Railroad

Charlie Miller reported there is no movement on dialogue with the operator of the Twin State rail line. Attorneys for the parties are in discussion. There is a federal action regarding the line between the Gilman plant switch and St. Johnsbury that could bear on the intentions of the Twin State operator's intentions. Guilford is the owner of the property. Katherine Potter, Guilford Rail attorney, gave a brief update on the lawsuit (Twin State filed an abandonment action, but Guilford felt the proceeding was improper;

a Motion to Dismiss has been filed and the case could be dismissed or the Surface Transportation Board could issue an opinion). Charlie Miller noted the Gilman plant wants to ship material by rail, but there would be a relatively small number of carloads per year making it expensive for the operator of the line to provide service. The State of New Hampshire is in support of the Gilman plant.

5. State Rail Plan Update

Scott Bascom reported the Rail Plan will be presented to the Legislature on May 11, 2005. There has been some difficulty in collecting needed information for the update. The advisory committee on the Rail Plan and the Rail Council will review the list of tasks and provide information at the March 23rd workshop. The report will be finalized by mid-April. Public meetings will be held in late April. A compilation of tasks was provided to the Rail Council for review. Comments should be sent to Scott Bascom at scott.bascom@state.vt.us.

6. Legislative Update

H.322 – Vermont Rail Authority

Sam Lewis reported legislation for a “Vermont Rail Authority” is being submitted (H.322). The Rail Authority will manage state owned rail lines, and have the authority to do contracts, seek loans, grants, and accept federal funds to complete rail projects in the western corridor. VTTrans will form a position on H.322. The bill is fairly complex with lots of components. Matt Sternberg, Rutland Redevelopment Authority, further explained the proposal. The Vermont Transportation Authority will become the Vermont Rail Authority which will help with financing for projects and coordination of rail improvement work with economic development. There will be a Board of Directors composed of appointees from the Administration (Secretary of Transportation, State Treasurer), House and Senate transportation committee representatives, and appointments from counties affected by the rail system. Rep. Sonny Audette urged the Rail Council to provide comments on the Rail Authority. Staff will mail a copy of the statute for the Vermont Transportation Authority and H.322 to the Rail Council and VTA members for comparison.

Rail Operations Budget

Charlie Miller reviewed the Rail Budget, noting Project Management has been transferred to Program Development for efficient use of staff engineers. Highlights of the FY06 budget include a subsidy for the Washington County Railroad (line in Washington County and the White River Junction and Newport line), pre-cast concrete bridge projects, quiet zone crossing maintenance (insurance, maintenance work at the crossings), stabilization of a landslide area, legal and negotiation fees (Twin State line), rail passenger service (Amtrak), administrative support (Operation Lifesaver, staffing and infrastructure), property management, three-way partnership (operating railroad/shipper/state sharing improvement costs), high speed rail hazard study (federal grant), bearing project (five bridges), new rail installation, and Connecticut River line (improvements). Work leading up to larger projects includes the Middlebury rail spur, the annual rail crossing improvement program, bridge inventory and inspection program, and rail bridge development (what needs to be done). The total budget is \$9.8 million

(federal and state money combined). Bill McCormick asked what the state will do if Amtrak is not funded at the federal level. Charlie Miller noted the budget was done based on information at the time. Sam Lewis said the state will continue with Amtrak service as long as it is feasible. Paul Guare asked if any of the 25 rail bridges needing immediate attention were addressed. Charlie Miller replied the slab and bearing projects will resolve some of the bridge issues.

Dave Wulfson asked about uncommitted funds for the Albany-Bennington-Rutland-Burlington (ABRB) project. Charlie Miller explained there is \$3.3 million in federal funds for the ABRB project. There was transfer of funds (approximately \$9 million) from the FTA to the FRA which could be used in the same corridor. Staff expects to prioritize rail projects in the next month and identify those in the program to move forward. Charlie Miller will do a spending plan for ABRB. It was noted ABRB is not in the FY06 proposal to the Legislature.

Rail Economic Study

Anthony Otis reported the economic study is near the last draft. When it is complete, a copy will be emailed to the Rail Council and VTrans. According to the report, there are 185 railroad employees and nine rail companies in Vermont. The average salary is \$48,265 compared to the average state salary of \$32,090. The railroads paid \$8.9 million in wages and \$3.8 million in benefits. There are 251 jobs created due to the 185 railroad jobs for a total of 446 positions. Rail workers' wages support other commerce in the state. Taxes paid exceed expenditures. Significant retirement benefits are paid. The number of trucks taken off the highways each year due to rail transport is 16,000. The railroads pay corporate taxes and fuel taxes.

2005 Railroad Legislation Booklet

Anthony Otis provided the Rail Council with a copy of the Vermont Railroad 2005 Legislation Booklet.

7. Operations Council Report

Sam Lewis provided the Rail Council with a copy of the Transportation Operations Council Annual Report to the Governor, and briefly reviewed the work of the Operations Council. Rail is well represented in the Operations Council Annual Report. There is agreement truck freight needs to transfer to rail transport wherever possible. Economic development relative to rail is recognized. The Operations Council will continue to work on specific transportation issues and the relationship of transportation and national security over the next year. Comments on the Operations Council Annual Report should be forwarded to Sam Lewis at sam.lewis@state.vt.us.

8. Subcommittee on Infrastructure Improvements

Charlie Miller reported the subcommittee met on 2/23/05 to discuss next steps. There are concerns for funding of the \$25 million needed for bridge improvement to meet the 286,000 pound standard. One suggestion is to commit the revenue generated by rail (rail leases and property leases) to leverage a plan to secure private matching funds to federal funds received by the state for rail projects. Dave Wulfson suggested the state should

bond for the \$25 million. Rick Moulton countered there is no leadership to put the bonding forward, and it would be 10 years before implementation. Paul Guare argued for a program and a time schedule (i.e. secure authorization for a bond issue and do the worst bridge first). Sam Lewis mentioned there are pros and cons with Garvey bonds (Garvey bonds are based on anticipated revenues being dedicated toward a loan leveraged against federal funds). Discussions are ongoing with the Congressional delegation regarding earmarked funds. The Rail Authority proposal and the proposal to leverage revenues into a loan against federal funds are under review presently. Mike Coates stressed present income/revenues from rail needs to go back into rail infrastructure, not the transportation general fund.

9. Tax Incentives Discussion

Charlie Miller explained presently there is no incentive for development of land along railroad tracks by businesses that would use the rail infrastructure. It has been suggested a program be developed that could be used by economic development agencies so there is an incentive the land by the railroad be developed by companies to use rail transport. Dave Wulfson echoed the need to properly use industrial sites around railroad tracks. There are no new railroads being built and land uses change when property around railroad tracks is developed. Preservation and incentive are two issues to consider. Charlie Miller and Sam Lewis will discuss this matter with the Economic Development Division to see what can dovetail with existing programs. Matt Sternberg noted Rutland received a community development grant to review rail properties (in conjunction with the rail yard relocation project) with a real estate agency handling companies using rail. The results of the study will be shared with the Rail Council.

Mike Coates suggested a letter from the Rail Council be sent to regional planning commissions alerting them of the concerns regarding rail infrastructure and how rail could play a key role in their development plans.

MOTION by Rick Moulton, SECOND by Paul Guare, that a letter be sent to state and regional planning and development agencies regarding economic development incentives on land by railroad tracks, and to direct Sam Lewis and Charlie Miller to work with the Economic Development Division to discuss tax incentives regarding development of land by railroad tracks. VOTING: unanimous; motion carried.

The Rail Council will receive a copy of the letter.

10. Crossing Policies

Due to time constraints, discussion of crossing policies was deferred until the next meeting of the Rail Council.

11. Other Business

Rail Council Meeting Schedule

Following discussion, the consensus is to meet every other month. The infrastructure committee will meet in the month between the regular Rail Council meetings. Staff will prepare a 2005 meeting schedule for the Rail Council.

Legislative/Finance Subcommittee

Staff will draft a charge and suggested membership for the legislative/finance subcommittee.

Commuter Rail

Melinda Moulton announced an upcoming trip to Austin, Texas to discuss the commuter rail system to be built there. The commuter rail system in Austin was supported by 82% of the public.

Vermont Rail Day

Vermont Rail Day 2005 will be held on July 16, 2005 in Essex Junction.

Electronic Distribution of Information

Staff will poll the Rail Council to determine preference of mailing (electronic or hardcopy).

Meeting with House Transportation Committee

Anthony Otis will draft the position of the Rail Council to be presented to the legislative committee by Mike Coates. Rick Moulton and Paul Guare will also attend the meeting. The position of the Administration with regard to the \$25 million needed for rail bridge improvements and bonding for rail projects needs to be known. Paul Guare suggested the presentation be a recitation of needs, not solutions. Sam Lewis felt the discussion will set the stage for future expectations and requests. Mike Coates, Rick Moulton, and Paul Guare will meet with Charlie Miller and Anthony Otis on 2/28/05 to prepare for the presentation.

12. Agenda Items and Next Meeting DateAgenda Items

Joint Meeting: Other Advisory Councils & House and Senate Transportation Committees
Crossing Policies
Vermont Rail Authority (H.322)
Tax Incentives

Next Meeting: May 11, 2005, 1 p.m. – 4 p.m., National Life Building, Montpelier.

13. Adjournment

MOTION by Mike Coates, SECOND by Rick Moulton, to adjourn the meeting.

VOTING: unanimous; motion carried.

The meeting was adjourned at 4:05 p.m.

Minutes respectfully submitted by M.Riordan, Recording Secretary.

“TO DO” List from 2/23/05 Rail Council Meeting:

1. Regarding joint meetings with the other transportation advisory councils and the House and Senate transportation committees, Sam Lewis will coordinate the meeting schedule.
2. The Rail Council received a copy of the 2004 Annual Report Vermont Rail Advisory Council and will submit comments within a week so the report can be sent to the Governor's Office, and a meeting with the House Transportation Committee can be scheduled the week of March 14th.
3. Anthony Otis will draft the position of the Rail Council to be presented to the legislative committee by Mike Coates. Rick Moulton and Paul Guare will also attend the meeting. The position of the Administration with regard to the \$25 million needed for rail bridge improvements and bonding for rail projects needs to be known. Mike Coates, Rick Moulton, and Paul Guare will meet with Charlie Miller and Anthony Otis on 2/28/05 to prepare for the presentation.
4. Comments on the compilation of tasks for the Rail Plan update should be sent to Scott Bascom at scott.bascom@state.vt.us.
5. Staff will mail a copy of the statute for the Vermont Transportation Authority and H.322 (State Rail Authority) to the Rail Council and VTA members for comparison.
6. Staff expects to prioritize rail projects in the next month and identify those in the program to move forward. Charlie Miller will do a spending plan for ABRB.
7. Anthony Otis will email a copy of the economic study when complete to the Rail Council and VTrans.
8. Comments on the Operations Council Annual Report should be forwarded to Sam Lewis at sam.lewis@state.vt.us.
9. Regarding incentive to have land by the railroads developed by companies to use rail transport, Charlie Miller and Sam Lewis will discuss this matter with the Economic Development Division to see what can dovetail with existing programs.
10. Matt Sternberg will forward the results of a review of rail properties (in conjunction with the Rutland rail yard relocation project) with a real estate agency handling companies using rail.
11. The Rail Council will receive a copy of the letter sent to state and regional planning and development agencies regarding incentives for economic development of land by railroad tracks.
12. Staff will prepare a 2005 meeting schedule for the Rail Council.
13. Staff will draft a charge and suggested membership for the legislative/finance subcommittee.
14. Staff will poll the Rail Council to determine preference of mailing (electronic or hardcopy).